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# ***JPRS Report***

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## **East Asia**

***Vietnam: TAP CHI CONG SAN***

***No 3, March 1991***

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# East Asia

## Southeast Asia

### Vietnam: TAP CHI CONG SAN

#### No 3, March 1991

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## CONTENTS

6 August 1991

[This report is a translation of the table of contents and selected articles from the monthly theoretical and political journal of the Vietnam Communist Party published in Hanoi. Notations in the table of contents indicate articles previously published or not translated.]

Editorial - Evaluate the Situation Correctly in Order To Arrive at an Accurate Solution .....	1
Continue To Be Worthy of Being a Reliable Reserve Unit [ <i>Ha Quang Du</i> ] .....	3
Inherit and Greatly Develop Our National Traditional Medicine [ <i>Pham Song; not translated</i> ] .....	6
A Few Ideas on Religion and Nationality [ <i>Dang Nghiem Van; not translated</i> ] .....	6
<b>Moving Toward the Seventh Congress</b>	
<b>Contributing Ideas To Formulating the Program and Strategy</b>	
Seminar on the Draft Program and Draft Strategy .....	7
Discussion on the Basic Conflicts and Key Conflicts [ <i>Nguyen Thuong Lang; not translated</i> ] .....	9
On the Relationship Between Plans and Markets [ <i>Hoang Anh Nguyen; not translated</i> ] .....	9
The Social Responsibility of Arts and Letters [ <i>Do Kim Thinh; not translated</i> ] .....	10
On Culture, Literature, and the Arts [ <i>Major General Ho Phuong</i> ] .....	10
The Problem of Coordinating Security, National Defense, and Foreign Trade in the New Revolutionary Stage [ <i>Phan Doan Nam; published in FBIS-EAS-91-079, 24 Apr 91, pp 47-49</i> ] .....	11
<b>Research—Exchange of Opinions</b>	
<b>Research</b>	
Money in the Shift to a Commodity Economy [ <i>Dao Xuan Sam</i> ] .....	12
Renovation in External Financial Work [ <i>Nguyen Khac Hien</i> ] .....	15
The Party in the Political System and Its Political Leadership [ <i>Mach Quang Thang</i> ] .....	19
Managing Society by Law, Building a State Governed by Law [ <i>Nguyen Van Thao</i> ] .....	22
On the Role of Village and Hamlet Administration in Building the New Rural Area [ <i>Chu Huu Quy</i> ] .....	24
<b>Activities and Ideology</b>	
If the Master Mistreats the Servants, the Servants Will Mistreat Others [ <i>Tran Dinh Huynh; not translated</i> ] .....	27
<b>Letters to the Editorial Staff</b>	
Strengthen and Make Good Use of the Sources of Investment for Education [ <i>Nguyen Thang Loi; not translated</i> ] .....	28
<b>Historical Documents</b>	
Rediscovering a Very Valuable Article Written by Nguyen Ai Quoc on Indochina 70 Years Ago [ <i>Not translated</i> ] .....	29
French Governor-General Mecklin's Concerns About Nguyen Ai Quoc Spreading Communism in Indochina [ <i>Pham Binh; not translated</i> ] .....	29
<b>The World: Issues and Events</b>	
On the Tendency of Economic 'Privatization' in the World [ <i>Le Tinh; not translated</i> ] .....	30
The Problem of Changing the Direction of the Military Economies of a Number of Countries in the World [ <i>Tran Trong; not translated</i> ] .....	30
'Satisfied With Democracy and Empty Bragging?' [ <i>Le Xuan Vu; not translated</i> ] .....	30
<b>From Foreign Publications</b>	
On Leninism Not Being Dogmatic or Restrictive [ <i>Not translated</i> ] .....	31
How Can There Be an Incorrect Understanding [ <i>Hieu Hong; not translated</i> ] .....	31

**Editorial - Evaluate the Situation Correctly in Order To Arrive at an Accurate Solution**

913E0012A Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 2-4

[Text] Our party is actively preparing for the seventh national party congress. Party organizations are discussing the draft documents to be presented at the national congress and holding their own round 1 congresses. This is a very important democratic political activity of our party.

The more than 60 years of our party's history show that every national party congress is of great importance. Every congress is an historical milestone. The great responsibility of this seventh party congress is to review the renovation of the country during the past several years, review party building, debate and decide on a political program and economic and social development strategy, and, based on that, put forth guidelines and tasks for the period 1991-1995, revise the party statutes, and elect a new leadership organization that will take over from the older generation of party cadres.

Reviewing the renovation of the country is a very important task for us today. We have been carrying on renovation for more than four years now. Even though four years is a very short period of time in the history of a country or people, this has been a period of testing and searching and of putting the party renovation policy into actual practice. The time has come for the party to review things and see: What hasn't been done yet? What new problems have arisen? Why? What lessons can we draw in order to continue guiding renovation? At a time when the country is experiencing great confusion and many difficulties, the world is undergoing great and complex changes, and many party members, cadres, and people are confused, reviewing practices and evaluating the situation will not only create a scientific basis for putting forth correct solutions but also contribute to determining persuasive ideas, solidifying unity concerning viewpoints and ideas, and bringing about unity in action.

Reviewing practices and correctly evaluating the situation are very difficult tasks, especially when the situation is changing, there are many different sources of information, and the theoretical problems have not been clarified. Also, people with their own personal motives are looking for ways to conceal and distort the information and hide the truth. Thus, to evaluate the situation correctly, not only must people be pure and just in their hearts, but they must also have correct viewpoints and methods of evaluation. I am referring to scientific viewpoints and the methods of dialectical materialism based on looking at things from an all-round and historical perspective calmly and objectively. Specifically:

1. When analyzing things, making observations, and arriving at conclusions, people must look at all angles and the entire process and see both the subjective factors and objective circumstances. They must not be biased or

one-sided. They must not do things in a rush or without thinking, which can lead to exaggerations, making one aspect absolute, and forgetting the basic aspects and main tendencies.

We know that our country is carrying on renovation at a time when there are both advantages and many difficulties. For many years before the sixth congress, Vietnam was in an economic and social crisis. Inflation was very high, there were shortages of commodities, the lives of the people were difficult, and the social situation was tense. The effects of several decades of war and of the shortcomings and mistakes in our socioeconomic policies prior to that can not be overcome all at once. Many socialist countries are experiencing an all-round and profound crisis, and a number of countries have smashed the socialist regime and changed directions. That has had a powerful effect on Vietnam's economic and social situation and had a bad influence on the political thinking of many of our cadres, party members, and people. In a number of respects, our external economic relationships have been turned upside down, and international aid has clearly declined. The enemy forces and opportunistic reactionaries are making a great effort to destroy our revolution and causing great difficulties for us.

From the sixth congress to the middle of 1988, the party and state concentrated on studying and putting forth renovation positions and policies in a number of important spheres and on solving a number of pressing economic and social problems. But these positions and policies did not manifest an immediate effect, the economic and social situation did not change very much, and some things were even worse than before. At the beginning of 1988, famine became a serious problem in many rural areas in the north and so the state had to import almost 500,000 tons of rice.

From the middle of 1988 to the beginning of 1990, the positions and policies began to manifest an effect and achieve very significant results. The economy and living conditions improved, and the social situation became less tense. But many new problems cropped up. Many state enterprises and small industry and handicrafts production stagnated, there was great disorder in imports and exports, and there were many disputes over land.

Since the second quarter of 1990 to the present, along with the advances that have been maintained and developed, the socioeconomic situation in our country is again facing new and serious challenges. The price of materials is increasing, there are difficulties in production and business, unemployment has become more serious, the budget deficit is huge, many local "price fevers" have appeared, the rate of inflation is gradually increasing, and real wages are declining.

In carrying on renovation, in many cases, when one conflict is resolved, another crops up, and when one problem is solved, another arises. There have even been

cases in which negative aspects have arisen from positive policies. For example, in switching to commodity production with a multi-faceted structure and to economic accounting, the economy has picked up and shown greater results. But at the same time, the reverse side of this has been exposed, and many negative aspects have appeared. This refers to running after profits regardless of the price, which has led to people violating the law, giving and receiving bribes, making bogus goods, smuggling goods, avoiding taxes, going into debt, and seizing assets and to the collapse of bank credits. There is a tendency to run after money, commercialize everything, and put the emphasis on trading and slight production. Moral and spiritual values have been overturned, discipline is weak, the gap between rich and poor has widened, and social injustices and social evils have increased.

Clearly, the renovation movement has not been easy, particularly during the socioeconomic crisis. This is a very difficult struggle in which there have been many setbacks. There have been both successes and failures, and there have been firm successes and insecure successes. This means that we cannot evaluate things in a simple or one-sided way but must look at things in a dialectical way. We must look at things in general in order to penetrate many aspects and angles and see the basic aspects and main tendencies, avoiding painting things either too "rosy" or too "black."

2. We must view ourselves as part of the movement in order to have an attitude of respect and exploit the successes that have been achieved even though these are just initial successes that are still not secure. At the same time, we must see the difficulties, weaknesses, and shortcomings. This is not just a feeling of supporting the effort that we have made but also a scientific attitude. To date, perhaps it's been unintentional, but no one seems to have recognized the achievements scored by our people during these past four years. Although there are still countless difficulties, our renovation movement has clearly scored very important initial successes. This can be seen in the following:

The economy has undergone good changes and made clear advances with respect to the implementation of the three economic programs. Food is more plentiful and can satisfy domestic needs, and there is food for reserves and exports. There is a variety of commodities, particularly consumer goods, on the markets, and circulation is more convenient. The external economy is expanding rapidly in terms of scale, volume, and cooperative forms. The economic structure has changed greatly. We have begun to form a multifaceted commodity economy that operates in accord with market mechanisms under the control of the state. The economic management mechanism has been systematically renovated, and the formation of a unified market nationwide has been promoted. Many of society's production capabilities have been mobilized better, the rate of inflation has been brought under control, and the people's standard of living has improved somewhat.

The democratic atmosphere in society has been encouraged and is growing. The party has renovated its thinking and leadership methods. The state has made progress in controlling things using the laws. The people are becoming used to a democratic and open way of life and are frankly criticizing the negative aspects.

Important renovations have been made on the national defense, security, and foreign affairs fronts. The fatherland defense strategy has been revised, the forces in the various areas have been redeployed, international relations have been expanded, the economic boycott has gradually been smashed, the political and social situation has been stabilized, peace has been maintained, and a favorable environment has been created for renovation.

The results scored have verified the correctness of the renovation policy. They have affirmed the renovation guidelines and capabilities of our party and people and given us new views on socialist construction in our country. They have shown us that we must hold fast to the renovation line and not stray from our present path.

3. The achievements must be affirmed, but at the same time, the shortcomings must be admitted and the difficulties and weaknesses must be pointed out. We cannot be content with what has been done. We are still facing many difficulties. The country is still in a socioeconomic crisis, the renovation movement still has many limitations, and there are many burning socioeconomic problems that have not been solved.

The economy is still suffering from a severe imbalance, inflation is high, millions of laborers lack work, economic results are low, and there has not been accumulation from within the economy. Many production installations, particularly in the state sector, are stagnating, and they are not suited to the market mechanism. Macrocosmic management still has many shortcomings.

There are still very serious social problems. The wage system is irrational, and this has been allowed to drag on. The living conditions of the people have worsened in some respects. Social injustice, corruption, a lack of democracy, and violations of discipline and the law are still serious problems.

Not enough has been done to reform the apparatus, improve work methods, train and employ cadres, and purify the party, and the results are still limited. This is a major concern of the party and people. Unless these problems are solved, it will not be possible to carry on renovation successfully.

The difficulties and weaknesses must be seen clearly in order to have effective measures to overcome these things instead of simply complaining, becoming alarmed, or remaining passive. Today, a number of people tend to exaggerate the difficulties and emphasize the weaknesses and shortcomings, and they put the blame for everything on the leadership. They want to change the leadership and change paths. That is an



extremist tendency that is wrong. It should be remembered that the enemy and the reactionary forces are monitoring things closely. They will fully exploit our weaknesses and make use of our difficulties in order to destroy us. Unless we remain alert, we could easily be attacked.

4. The real purpose in reviewing our practices and evaluating the situation is to draw conclusions and gain experiences in order to continue guiding things in the coming period. We must not talk on and on about the situation or describe the situation in excessive detail. Based on the realities of the renovation movement during the past several years, the draft Political Report of the CPV [Communist Party of Vietnam] Central Committee has mentioned a number of initial but very important lessons on guiding and carrying on renovation. First, independent and creative thinking must be maintained in putting forth renovation lines and policies. This must not be done in a subjective or dogmatic way, and we must not mechanically imitate other countries. Second, in renovating things, we must adhere to the socialist path and coordinate steadfastness concerning principles and revolutionary strategy with flexibility in tactics and be sensitive to what is new. Third, we must renovate things in an all round and synchronized manner, but there must be suitable steps, forms, and methods. The dialectical relationship between economic renovation and political renovation must be handled well. Fourth, socialist democracy must be manifested broadly, but there must be good leadership and firm steps in accord with the political and social situation in our country. Fifth, the changes in the situation must be predicted accurately, the new problems that arise must be discovered promptly and solved, and the experiences must be reviewed regularly.

In contributing ideas to the draft Political Report and to the other documents that will be presented at the Seventh Congress, we must think about, clarify, and supplement the initial observations presented above.

#### **Continue To Be Worthy of Being a Reliable Reserve Unit**

913E0014A Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 5-8

[Article by Ha Quang Du, first secretary of the Central Committee of the Ho Chi Minh Communist Youth Union]

[Text] On 26 March 1991, the Ho Chi Minh Communist Youth Union will be 60 years old.

During the past 60 years, under the leadership of the party, the Ho Chi Minh Communist Youth Union [HCMCYU] and Vietnamese youth movements have gradually matured. As part of the strength of the party and nation, there is the strength of youths. Youths are always the activist forces in production, combat, and social movements. With their assault role, youths have contributed to the glorious victory of the country.

Reality clearly shows that the relationship between the party and youths and the youth union is based on the survival and developmental needs of the party, youth, and youth movement. This is a manifestation of the party's confidence in our youths and conversely. The union has shown that it is worthy of being the reliable reserve unit of the party. This is an issue with the nature of a principle and an objective necessity.

Today, in conditions in which our country and entire world are undergoing complex and profound changes, the youth union and the youths of our country are once again showing their steadfastness and revolutionary nature. Together with the entire party and all the people, they are actively contributing to helping the country overcome the difficulties and carry on renovation. About 20.5 million youths and almost 4 million youth union members are striving to study, produce, and train. In all sectors of social life, more and more youths of talent are appearing. The revolutionary nature of our youths has been maintained, exploited, and developed. Through activities on the economic and social, national defense and security, and fatherland defense fronts, the union is striving to adhere to the political tasks and satisfy and legitimate the needs and wishes of youths in order to organize youth movements and adjust the activities in accord with the new requirements and problems. The union's activities have become more democratic. The union is focusing more on youths and striving to find many operating formulas for the rights of youths and for the development of their talents.

However, it must be admitted that in recent years, the youth union's prestige in society in general and among youths in particular has declined. The unity of the youth movement is facing new and very complex challenges. Youths are growing in a variety of ways and this conflicts with the slowness in renovating the operating contents and formulas of the union. The union's organizations system and ranks of cadres are weak. It does not have the strength needed to implement the policies of the party or attract youths. The material base and operating expenses of the union are insufficient to carry out the activities of the union and youth movement.

Some youths are deviating ideologically and exhibiting deviations in their way of life.

More than ever before, providing ideological training and building revolutionary morals and a socialist way of life among youths has become a major issue for the entire party and all the people. Jobs and education for youths is a pressing problem for all of society. The problem of the material life and health of youths is a warning signal concerning the future of the country and of the nation's next generation.

And as never before, youths have special characteristics and very new development trends. The needs and inner world of youths are becoming more and more varied, and they are controlled by many factors and are sensitive to the renovation of the country and the complex

changes of the present age. This is a reflection of the relationships that are developing and changing quickly and of the struggle to advance in the face of the our country's present economic and social difficulties. There is a powerful and profound movement and struggle in the thinking, actions, and feelings of youths. Switching from being passive to being affirmative and dynamic poses great demands concerning the welfare and rights of the people, the people's standard of culture, democracy, and social fairness. New conflicts have arisen among the youths and in youth work: between the needs and the capabilities for satisfying those needs, between mobilization and training, between training and use, and between the rapid growth of youths and the youth movement and the sluggishness of many party and union organizations in renovating work contents and formulas.

Clearly, our youths and youth movements are carrying on very diverse and complex movements. There are many tendencies, both positive and negative, that are interwoven.

The above situation poses a fundamental and pressing problem: If the youth union is to continue to be worthy of being the reliable reserve unit of the party, based on the principles and guidelines for the union to continue making renovations, the following must be carried out well:

1. Continue to renovate understanding concerning the union, youths, and youth work in the new era.

Above all, the basic problems concerning the union must be understood correctly. The union is the political and social organization of youths. It operates under the leadership of the party and is composed of Vietnam's most progressive youths. The union is the reliable reserve unit of the party and the political nucleus of youth movements and youth associations. The union is an element of the political system.

With such a nature, the functions of the party are:

To serve as a socialist school for youths and to help the party train youth union members and assemble and guide youths and children so that they become new citizens who will be patriotic and struggle for the prosperity of our socialist Vietnamese fatherland.

To serve as a representative for and protect the legitimate interests of youths.

Because of this, the union plays a great role and has a great responsibility in serving as the activist and political nucleus in youth movements. It must assemble large numbers of youths to serve as assault forces in the renovation movement, and it must guide and help children in their studies and training and build a strong unit organization.

Understanding concerning targets must continue to be renovated. The changes that are taking place in society, in the world, and among youths have created very

diverse social strata with respect to standards, psychology, hopes, tastes, and so on. Thus, youths cannot be viewed as a single bloc. Just the opposite is true. They are both the subject and object of the various social movements.

On the other hand, understanding concerning forms and methods must be renovated. In order to hit its target of helping the party bring together and train youths to become new socialist men, the union must vary the formulas and make integrated use of the formulas to affect the youths. The union is the political activist of the youth movement, and it has been organized according to separate principles. But the union is not a temporary force in the youth movement. The union must become a part of the movement and become deeply involved in the activities of youths in order to help the youths and enable them to develop well.

Besides this, understanding concerning the motive force of the movement must be renovated. This is a major and very difficult task. But clearly, it can be said that the main factors that are presently generating the motive force of our country's youth movement are ideals, interests, democracy, and social fairness. Of these, legitimate interests are the important and direct motive forces. The union must continue to study things and establish an effective mechanism to solve this problem.

2. Continue to renovate organization and cadre work based on giving attention to quality. Democratize all of life and union activities. Expand and ensure the unity and breadth of the front to bring together youths.

A movement to mobilize and raise the quality of youth union members and organize union echelons must be carried on, and new quality must be created in each youth union member. Union organizations must be organized based on giving attention to quality, particularly with respect to the primary-level union organizations. It must be ensured that the union is really the political organization of progressive youths. On the other hand, the union is also a social organization and so it must have organic ties to youths and children for their progress and legitimate interests. In order to achieve the desired results, the union must continue to reorganize itself, starting from reorganizing the ranks of cadres at the union base organizations.

Renovating the union organizations must be carried on in a synchronized and unified way. The following principle must be adhered to: structure in accord with lower level changes and in harmony with the struggle against bureaucratic centralism and formalism. The principle of democratic centralism must be maintained. The daily life and activities of the union must be democratized in a guided manner.

The relationship between the union and youths and between the union and the general organizations of youths must be renovated based on building a strong union with the strength to serve as the political core in

these organizations. On one hand, the union must resolutely eliminate those regulations that force youths to participate in union activities. On the other hand, it must actively help youths to struggle and train. Forms of assembling youths by occupation and goals must be expanded with the union serving as the activist. It must help solidify and expand the Vietnam Youth Federation based on a spirit of having this organization serve as a federation of youth associations. Every union cadre and youth union member is responsible for recruiting youths and actively participating in the broad mass associations of youths.

The ranks of cadres must be renovated, the system of non-professional union cadres must be expanded, there must be suitable measures concerning material and spiritual compensation, the ranks of collaborators in the important spheres must be expanded, and unnecessary elements or intermediary organizations must be eliminated resolutely. Direct election of the union chapter secretaries must be expanded. The district and primary level cadres must be strengthened. The activities of the union organizations at the central, provincial, and municipal echelons must be changed. Instead of guiding things, their function must be that of conducting studies, summarizing practices, and formulating models. The union apparatus, from the central to the district and ward echelons, must be reorganized and streamlined so that they are closer to the bases. The cadre forces engaged in youth front work in the union organizations must be strengthened.

3. Give attention to and defend the legitimate aspirations and interests of the youths.

Training forms must be expanded, and jobs must be recommended for youths. Youths must be mobilized and encouraged to participate in developing the multifaceted economy in order to provide jobs for youths and attract them to participate in building the country's economy. The assault youth formations must be expanded to build the economy using various very attractive procedures and policies, and economic-youth population zones must be formed. Labor emulation and study movements must be organized for youths. In particular, youths must be encouraged to join the scientific and technical front.

Providing multi-dimensional information, particularly information related to the lives of youths, must be expanded actively and effectively using the information means of the union, party, and state. Cultural activities must be strengthened, and the diverse lives of the youths must be satisfied. Additional youth cultural activity centers must be built mainly by the contributions of youths and with the help of the state. Youths must be taught socialist morals, the new way of life, and altruism. A spirit of democracy must be manifested in youth activities.

4. Renovate the activity style of cadres and the guidance style of union echelons. Strengthen the material base and increase expenditures for union activities.

Programming and planning in union work must be implemented. The forms of association between the union and the social organizations must be strengthened, and youth work must be enabled to become the work of many social forces. It must be ensured that this is in accord with reducing the staff of full-time union cadres. Attention must be given to conducting theoretical studies and summarizing practices.

The work styles of the union cadres must be renovated based on sticking close to the bases and targets and doing things in a concrete, effective, and truly democratic way.

Along with the aid funds of the state, the union must expand the building of funds using a variety of methods in order to strengthen the material base and operating expenses so that the union can carry out its functions.

5. Strengthen the party's leadership with respect to the youth union and youth work.

This is an objective necessity. Through the union, the party can establish an organic relationship with the young generation, build its reserve forces, and ensure the continuation and unity of Vietnam's revolutionary generations.

The party is renovating and reorganizing itself so that it can serve as the political leader of the union organizations and young generation. The party committee echelons must renovate their thinking about youths and about the position and role of youths and the youth union in building socialism and defending the fatherland. At the same time, there must be a struggle against erroneous viewpoints and ideas in evaluating youths and in carrying on youth work, particularly against paternalistic and feudal ideas. The party must have confidence in youths and not impose things on the union or give a "blank check" to the union in youth work. The party must soon complete the "Program on Socialist Construction in the Transitional Period in Our Country" in order to help youths determine their ideals and bring Marxism-Leninism, a correct understanding of socialism, the lines and policies, and modern knowledge to youths. On the other hand, attention must be given to strengthening the union in all respects and building a mechanism that will enable the union to carry out its functions well. The party organizations must help the union educate and organize the young generation. This must be done with a concept of "building the union means building the party."

The party must lead the union by setting political directions for the activities of the union and by controlling things and helping the union carry out cadre activities well. Every cadre and party member must set a bright example for youths and give attention to youth work with their feelings and responsibilities.

**Inherit and Greatly Develop Our National  
Traditional Medicine**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 9-11

[Article by Pham Song; not translated]

**A Few Ideas on Religion and Nationality**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 12-15

[Article by Dang Nghiem, not translated]

## Contributing Ideas To Formulating the Program and Strategy

### Seminar on the Draft Program and Draft Strategy

913E0011A Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 16-21

[Text] On 2 January, the Economics Board of TAP CHI CONG SAN organized a discussion to contribute ideas to the draft program and draft strategy. Those attending the discussion expressed vigorous and bold ideas concerning the basic contents, above all concerning the economic issues, mentioned in these two draft documents. In a spirit of respecting freedom of thought, we are publishing a number of the ideas expressed during this discussion.

#### 1. On Socialism and the Transitional Period to Socialism in Our Country

[Luu Van Dat] (Footnote 1) [high-level economics specialist, Ministry of Commerce] We will discuss what our model of socialism is like later. What I think needs to be stressed is adhering steadfastly to the socialist path and to Marxism-Leninism.

[Phan Dinh Dieu] (Footnote 2) (Professor of Mathematics, Vietnam Institutes of Science) In my view, because there is no clear concept of socialism, we can't talk about setting the direction of socialism. When talking about setting the direction of socialism, we must, at the very least, determine what the major features of that concept are. For a century now, people in the world have been approaching the concept of socialism in many ways. In our country and in many former fraternal countries, socialism was misunderstood. Our understanding of socialism was not fully in accord with Marxism-Leninism. In Western Europe, the United States, and Scandinavia, people talk a lot about socialism, but their concept of this is different. Thus, in the draft program, we can use the concept of socialism, but new contents must be determined for this. If we tell the people that we are moving the country along the path of socialism, we must enable them to understand what the contents of that socialism are. What will that society be like economically and politically? What will that society be like with respect to the organization of the state apparatus?

[Hong Ha] (Footnote 3) (High-level economics specialist, Ministry of Labor, War Invalids, and Social Affairs) Is this a "Program of the Transitional Period to Socialism" or a "Program on Socialist Construction in the Transitional Period"? I wonder why we are so wrapped up in a theory about the transitional period. The transitional period referred to by Marx in "CRITIQUE OF THE GOTA PROGRAM," which was written in 1875, was the period of transition from capitalism to communism. In our country's specific conditions, I think that with the intelligence of the Vietnamese people, we should discuss Vietnam's situation and concentrate on clarifying what kind of a country

we will strive to build and what we will achieve for the people in the next five, 10, or 20 years. Why do we need to talk about the transitional period? If socialism means gradually bringing happiness and social justice to our people, it doesn't matter if we say "build socialism" or "advance to socialism." The important thing is to achieve things for the people and for the country. Defining socialism as all-people public ownership or as this or that is totally wrong.

[Dau Quy Ha] (Footnote 4) (Economics specialist, Ministry of Labor, War Invalids, and Social Affairs) Ho Chi Minh put forth the target "independence, freedom, and happiness" and gave some simple but very valuable advice: Our country is now independent, but if the people are not free and happy, independence is meaningless. That is a truth and a target of the revolution. Socialism, or any other ideology, is just a means to hit that target. We must keep that target clearly in sight and be flexible in our means, as was President Ho Chi Minh. If we confuse the means with the target and consider the means to be the target, we will be making a very bad mistake, and that will lead to other mistakes.

#### 2. The Way To Accept Marxism-Leninism

[Phan Dinh Dieu] I don't know if we should continue to view Marxism-Leninism as the only theoretical foundation for our program. Everyone knows that Marx was a very great scientist and one of the greatest thinkers of the past several centuries. The greatness of Marx, which we must still accept, is [his theory of] dialectical materialism. This great tool of understanding must be used in studying the economic and social development process of the country.

In the conditions of the 20th Century, man's knowledge, science and technology, and information are much more developed than they were during the time of Marx. Thus, there are many new things that did not exist in the time of Marx. For example, the information explosion has enabled us to see that our society is much more complex than we had imagined. These are factors that did not exist in Marx's time. Furthermore, in the 20th Century, man's intelligence has developed greatly, and this has forced us to reexamine the limitations of this and that socioeconomic conclusion, including the scientific points in the specific arguments of Marx, Engels, and Lenin. I think that to put forth a development path for ourselves, we must study and reexamine the theory that we have been following for so long. At the same time, we must study the theories and knowledge accumulated by man over the past several centuries. Only through such research will we be able to build a new theoretical structure that is in accord with the realities of development in our country and world tendencies.

[Dau Quy Ha] I think that Marxism-Leninism and the ideas and style of Ho Chi Minh must be coordinated with the modern ideas of mankind. It should be noted that since Marx and Lenin died, the economic and social forms of the various countries have changed greatly.



Man has not stopped thinking. To lead society in completing the tasks mentioned in Chapter 2 of the Draft Program, the party must accept these ideas in order to enrich its knowledge and move the nation forward.

[Hong Ha] Perhaps we should view Marxism-Leninism just as a source of knowledge. We are responsible for accepting the knowledge of mankind and the wisdom accumulated by our nation during the past several thousand years (which includes the ideas of President Ho). The previous Draft Program made a rather good point, that is, Marxism-Leninism should be coordinated with the ideas of the period. But unfortunately, the present Draft Program does not mention that. I still maintain that Marxism-Leninism is just one source of knowledge. Marxism-Leninism must be understood from two perspectives, its methodology and the Marxist-Leninist principles that were arrived at from an analysis of the social situation that existed during the period in which they lived. All of the principles that have been arrived at since that time must be reexamined. I think that using Marxism-Leninism means using their methodology in order to analyze today's situation. It doesn't mean imposing their principles on this or that country. That will just lead to failure.

[Phan Dinh Dieu] Naturally, on our path forward, Marxist-Leninist theory is very important. But we must not regard that as the only theory. We must also give attention to the economic and social theories of this age.

[Nguyen Thanh Bang] (Footnote 5) (PhD in cybernetics, Department of Economics of the Central Committee) The renovation movement being carried on by our party and people requires that we quickly eliminate the dogmas that we have long thought of as truths. The structure of the socioeconomic system in the capitalist age has been transformed into modern capitalism, which is different from the structure that Marx (who was, of course, a great man) talked about during the period when capitalism became monopoly capitalism. And it is different from the structure that existed during the time of Lenin. We can selectively take over the principles mentioned by Marx, Engels, and Lenin, but we should not bind ourselves to those principles. We must accept the new ideas of today and inherit the traditions of our ancestors in 4,000 years of building and defending the country.

### 3. On the Contents of the Program and Strategy (Including an Evaluation of the Situation, Observations on the Targets Put Forth, and an Analysis of the Conflicts in Our Society)

#### a. Evaluation of the Situation

[Dau Quy Ha] In evaluating the situation, the following key issue must be emphasized: The great achievement of the people and of the party and Ho Chi Minh during 40 years of waging the national revolution was that the essence of the nation and of man was exploited, the national revolution was carried out successfully, independence and unity were restored to the country, an era

of liberation was opened for an oppressed nation, and the Vietnamese nation and the Vietnamese people attained a new stature. This great achievement was recorded in the history of our country and the history of mankind and held in high esteem by mankind. At the same time, another historical truth must be mentioned and bravely admitted: Socialism has never been formed in this country.

[Hong Ha] To find a way to save the country, we must reevaluate the past process. Concerning this, I don't think that the Draft Program or the Draft Strategy have done this. When discussing the past process, the Draft Program combines 60 years of history to evaluate the successes and failures. I think that in our country's present specific situation, we can stop evaluating the national liberation process. Because there is no argument about that great and clear victory. Furthermore, the second and third party congresses summarized and evaluated the achievements in the resistance against France, and the Fourth Congress summarized and evaluated the achievements in the resistance against America for national salvation. In my view, the most important problem today is the issue of how our country is going to enter socialism. This is in line with the name of the program, "The Program of Socialist Construction in the Transitional Period." The process of building socialism in the north after 1954 and in the entire country since 1975 can be reexamined. In the Draft Strategy, the evaluation of the situation is better. But in my view, the analysis is, in general, superficial and mechanical. I think that the situation in the transformation process should be evaluated so that we can clearly see the movements and conflicts in development and their tendencies. (Documents should not be written by simply listing all the weaknesses and advances mentioned by people.)

I would like to give my views on evaluating the process since 1975:

The 15-year process can be divided into two periods. The period from 1975 to 1985 was a process of decline. Of course, during that process, some advances were made. Only since 1986 have we begun to open up and move forward. But what is the special characteristic of the period 1986-1990? The special characteristic is that we have wanted to both open up and be tied up again. In this situation, there has been a good change, but we have not gotten out of our crisis. I think that the Program and Strategy should analyze and evaluate the situation in that way. (Of course, I have given only an example. When things are analyzed, the analysis must be based on scientific arguments and the realities of our country.)

I want to mention another minor point concerning evaluating the situation, particularly the situation during the past two years. There has been a real change that we could not have dreamed of. In 1989 and 1990, a real change occurred. But when explaining this phenomenon, some people say that this was due to switching to a one-price mechanism and to changing bank interest

rates. Others said that it was due to macrocosmic management methods. I disagree completely. The main reason for this wonderful change was that we began to focus on people, used supporting people as the target, and restored control to the people. (Many examples can be cited, such as using household contracts in the rural areas, encouraging individuals to expand commercial production, and so on). Naturally, we cannot reject the other factors.

I don't agree with the draft program when it says that the line was completely correct and that mistakes were made only in guiding specific strategies and lines. The draft strategy concludes that the reason for all the failures, weaknesses, mistakes, and shortcomings is that we have followed a dogmatic model of socialism. It's very difficult to understand how you can follow a dogmatic model of socialism and say that the line was correct. I think that during the past 15 years, our economic line has been wrong, and even our foreign affairs line has been off target. Neither the draft program nor the draft strategy say much about this problem, as if there haven't been any shortcomings or weaknesses.

**b. Observations on the Targets Put Forth**

[Luu Van Dat] The target mentioned in the Draft Strategy is that by the year 2000, we will double the growth rate. If we only double the growth rate, by the year 2000 the gap between our country and other countries will be very great. From that perspective, no one can be very happy. But even though many people say that that target is very low, I don't think that we will be able to hit that target, because we have not mentioned any possible solutions.

[Dao Xuan Sam] (Footnote 6) (Professor of economics, Nguyen Ai Quoc Institute) That is my view, too. Even with that low and belated target, the two drafts documents are not very persuasive regarding our ability to hit the target.

[Phan Dinh Dieu] The target mentioned in the draft program—building a happy and prosperous society—is too general. It does not talk about the contents of this. And the draft socioeconomic strategy states that we must struggle to double the national income by the year 2000. That way of stating things is too subjective, because no measures for achieving this are included. In my view, in setting targets, it isn't necessary to say that this or that will be doubled or tripled. The important thing is to build a social system in order to provide a starting point for developing society based on exploiting the productive capabilities of society and moving toward just social relationships based on our conceptions. I think that in view of the turmoil here, which includes confusion concerning theoretical and practical understanding, perhaps we shouldn't put forth a very long path. Perhaps we should just put forth a "Program (or Plan) for Building the Country in the 1990s." In my view, such a program should mention four main targets: target directions (how to stabilize and develop things); economic measures;

political and social measures; and measures to advance the country from its present situation to the building of a new socioeconomic system. In my view, the economic and political systems and state structure as defined in the draft program and draft strategy are not clear.

[Dau Quy Ha] I think that the targets of the revolution are national independence, freedom, and happiness for the people. The measures for hitting those targets consist of liberating the people, implementing social justice, stabilizing society, expanding democracy, and developing the economy and culture in order to bring happiness to the people. We must adhere to these targets and be ready to accept any economic form to hit those targets. That is the best path today.

[Hong Ha] In my view, Marx was wrong in viewing public ownership as the target in building the new society. In the Communist Manifesto, Marx wrote: The entire theory of communism can be summarized in the phrase "eliminate the system of private ownership." I think that ownership can be viewed as just a tool to hit the targets. Our target is to have the people enjoy prosperity, develop in all respects, and live a life of happiness, equality, and fraternity. Why is ownership the target? Because of this incorrect understanding, we want to quickly eliminate private ownership and quickly nationalize and cooperativize things.

**c. Analysis of the Conflicts in Our Society**

This is a philosophical issue, and, because of this, the economists had little to say about this. Luu Van Dat proposed using the conflicts in economic interests among the countries of the world to benefit our country as much as possible. Phan Dinh Dieu disagreed with the way that the draft program outlines the basic conflicts of society in the transitional period. According to him, the basic conflicts of society are conflicts among social forces, and because of this, resolving these conflicts must be done by struggling to win victory for a progressive force or a progressive tendency. He said that it is not necessary to define the "basic conflicts" in every stage. Because actually, that is a combination of many conflicts.

**Discussion on the Basic Conflicts and Key Conflicts**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 20-22

[Article by Nguyen Thuong Lang; not translated]

**On the Relationship Between Plans and Markets**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 22-23

[Article by Hoang Anh Nguyen; not translated]

**The Social Responsibility of Arts and Letters**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 24-27

[Article by Do Kim Thinh; not translated]

**On Culture, Literature, and the Arts**

913E0014B Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 27-29

[Article by Major General Ho Phuong, military writer]

[Text] With their fraternal experiences, real writers and artists have for a long time clearly realized that the achievements in their creative work are always closely related to the political line of the party.

The party's present draft program is in accord with the hopes of almost everyone and satisfies the pressing needs of today's revolutionary situation. I do not agree with those who say that because our economic and social situation is still unstable and because we are still in a crisis situation, it is too soon to bring out this program.

This draft program has been considered in depth and written very carefully, and there are many new points. However, the section on culture and arts and letters exhibits shortcomings and does not correspond to its position and role. In my view, everything from the heading must be supplemented. Nationality and the national color of culture must be emphasized before talking about socialist directions. Because in talking about culture, you must also talk about the national essence and national traditions inherited during the past several thousand years of history. Without the nation, there can't be socialism or humanity. Nationality and the national color of culture are now pressing problems not only of the developing countries but also of the major countries in the world. The contents of nationality contain two inseparable factors, inheritance and development. The revolutionary or modern nature of culture in no way conflicts with its national character.

Added to that, guidelines and measures for caring for and developing the nation's rich culture, with its long-standing traditions, must be mentioned in the initial steps of the transitional period. I want to mention Section 3, Chapter 3, in particular. The draft briefly states: "Inherit and creatively develop the wonderful cultural traditions of peoples..., assimilate the cultural essence of mankind, and reject those things that are contrary to historical and cultural advances." This is correct, but it is not enough. In my view, regardless of whether it is the economy or culture, the highest target is man. Thus, when talking about culture, we must talk about constantly improving the spiritual lives of the people. To do this, besides the problems of organization and cadres, a very important, if not one of the leading problems is to make suitable investments (money, means, working conditions, and even additional laws).

Another problem that needs to be stressed is that more attention must be given to the cultural and spiritual lives of the tribesmen who live in the high mountains of the fatherland. We all know what the living conditions of the hill tribesmen are like. Many reporters have reported that the "hill tribesmen are being forgotten." Illiteracy is returning and spreading. Many places have not been visited by cultural entertainment teams for several consecutive years.

Thus, in this initial stage, more attention must be given to our national culture, and there must be more suitable investments in this. Our culture must be developed well based on our ancient traditions. At the same time, we must assimilate this to the progressive cultural currents of the world. We must not shut the door or be too conservative.

In this culture, even though information is extremely important and needs to be given more attention, this should not take too much space in the draft document. More should be written about arts and letters, which is an important element of national culture, in accord with Vietnam's long tradition. This is not something separate for today.

For the past 40 years, our culture and revolutionary arts have contributed greatly to enriching national life and to building the new way of life and the new man for our people. Clearly, this culture and art cannot be missing from our country's and party's revolution. This is also an essential part of national life, which has been improved. However, I have read the new program carefully, and all it says is: "...affirm and manifest real values and what is true, good, and beautiful in accord with progressive viewpoints. Expose and criticize what is outmoded, evil, and inferior." Just like the section on culture, this is not wrong, but it doesn't go far enough. This provides just a rough guideline for arts and letters work in the coming period. The party must also give attention to improving many other aspects in its leadership, such as to the organizational and policy problems and, above all, to the human problem. In arts and letters, in talking about people, you must talk about talent. In cadre work in general, the party has emphasized the problem of young cadres. But in culture and arts and letters, the main problem is talent, not age. In culture and arts and letters, another pressing problem is the problem of artistic freedom. In my view, the program should also state: Protect the artistic freedom of artists and writers in accord with the goal of serving the people and carrying out the revolution. That is an excellent statement, because the party must respect and protect the artistic freedoms of writers and artists. (Of course, this is freedom to serve the people and hit the revolutionary targets pointed out by the party, with the party leading and guiding all the people to hit these targets. This certainly doesn't refer to unlimited freedom that could harm the revolution or the interests of the people.)

The above are sincere ideas. I want to repeat that to talk about culture, you have to talk about the national character. Things will be incomplete if we do not talk about developing the richness and diversity of our national character and stress giving attention to the lives of the hill tribesmen. As for arts and letters, greater attention must be given to the problem of talent and to the artistic freedom of writers and artists.

**The Problem of Coordinating Security, National Defense, and Foreign Trade in the New Revolutionary Stage**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 29-31

[Article by Phan Doan Nam; published in FBIS-  
EAS-91-079, 24 Apr 91, pp 47-49]

## Research

### Money in the Shift to a Commodity Economy

913E0014C Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 32-36

[Article by Dao Xuan Sam, professor of economics]

[Text] In previous years, in conditions in which economic payments were made in kind, the money of our state bank was really not money. Thus, the process of switching to a commodity economy includes renovating the mechanism for issuing and handling currency so that our money can really carry out its basic functions. This is a very important, new, and complex problem in the process of switching to a socialist-oriented commodity economy, and it is a key and very complex element in fighting inflation. The fight against inflation since 1989 has enabled the Vietnamese dong to make advances and created the conditions for it to become a true and stable currency. However, inflation could return very quickly unless we implement correct and unified measures. Reality has provided us with very valuable experiences concerning renovating and reforming the banking and financial system in order to create a new mechanism for creating money.

#### I. State Bank Currency in Economic Development

Bank currency (paper money) is paper whose only value is that it is documentary evidence of the right of the bearer to exchange it (buy) for a quantity of goods or services equal to the value printed on the money. Stated another way, these are certificates concerning the right to receive a quantity of property based on choices concerning use value at the value recorded on the certificates. In the process of bringing about and expanding the commodity economy, initially, people exchanged goods for other goods. Later on, metal currencies were created. Then, people began using paper money. Those are the evolutionary steps up the ladder of historical significance. People began using paper money as a replacement for metal money, because using paper money was more economical and much more convenient.

In our country's present conditions, special attention must be given to the fact that because it is paper money, the money of the state bank can perform the original functions of currency, that is, serve as a measure of value and as a means of circulation, payment, reserves, and international exchange, only if we have a mechanism for issuing and correctly controlling our currency and for keeping the purchasing power of our currency relatively stable. Today in the world, many countries have real and stable currencies, and many countries have international convertible currencies. A number of countries have currencies that the world in general regards as hard currencies. Regardless of whether they were rich or poor, neither Vietnam nor any of the other countries that belonged to the Council for Mutual Economic Assistance [CMEA] had a real and stable currency. They did not

have an international convertible currency or a hard currency. Today, one of the standards for determining if a country has a dynamic economy and can participate in the the international division of labor and international economic associations and if it has the capabilities to cooperate and compete is if it has a really stable currency with a mechanism for issuing and controlling its money on a macrocosmic level.

A special characteristic, which is a weak point of an in-kind economy, is that in the past the typical economy of the socialist economies did not have really stable currencies, and these countries had not established mechanisms for creating and handling currency. This means that they did not have currency or capital markets, and naturally, they did not have a bond market or mechanisms concerning financial credit currencies. As a result, citizens and even those who managed the national economy and controlled the state were unfamiliar with real currencies and corresponding mechanisms.

Socialist economics is in such a state. What is even more complex is that in reality, while there is still no real and stable currency, in economic theory and in the management regulations, people continue to use the original categories of commodity-currency relationships: trading, commercial accounting, markets, commerce, prices, wages, credit, finance, and so on. It was only recently that we realized that the use of such commodity-currency relationships was actually artificial. This is because the process of switching to a commodity economy is actually a process of restoring the commodity-currency relationships. This process must be started over from the beginning, and this includes creating a state bank currency.

#### II. The State of Vietnamese Currency Before the 1989 Anti-Inflation Measures

In every country, fighting inflation always has to do with mechanisms for handling currency and financial credits on the macrocosmic level. And in Vietnam, there is a very important special characteristic. That is, we have had to do this at a time when we do not have a real commodity economy or a real currency. Thus, a very important element in the process of fighting inflation in Vietnam is to create a state banking currency with a corresponding system of mechanisms that is part of the overall process of switching to a commodity economy.

Today, many countries in the world are using electronic credit cards (furthermore, these cards have been internationalized). Many of the developing countries around us have fairly stable state banking currencies that can be exchanged internationally, and they have bond markets. But Vietnam's problems are at a much lower level. We are trying to create a state banking currency with very important initial targets: to get people to use money on Vietnamese markets instead of using gold and international currencies or using that money to stockpile goods, which means that they reject using that money. To do



this, while fighting inflation, we must handle things from the most elementary level in creating a state banking currency.

When someone has bank money, it means that they have supplied a product or service. The state bank is the only entity with the authority to issue legal currency. Stated another way, in a commodity economy, the important mission with which the state bank has been entrusted by the nation is to issue money in such a way that that money does not lose its value and can perform its functions. This will give the state a powerful macrocosmic economic regulatory tool that only a commodity economy has. That is the potential to borrow from the people.

Thus, when people use paper money, that is like giving the state bank an interest-free loan. When they deposit the money or obtain state credit, they are charging the state interest on the loan. Thus, the banks and state credits have become tools to accumulate the capital of the people to serve as the powerful macrocosmic regulatory tool of the state. But that can happen only when the banks and state credits have mechanisms to maintain the value of the currency. In a commodity economy, every state regards this as a very important point for the fate of the economy. Before inflation was brought under control in 1989, with the old policies and mechanisms, the bank and state could not do that and so we did not have a real currency. It can be said that we had ruined our currency. That did great damage.

In reality, after selling something, many people have spontaneously tried to protect their assets by immediately buying other commodities instead of depositing the money or obtaining bank credits. Wealthy people and businessmen rush to use gold or a hard currency as the standard currency. Markets that use many currencies have appeared. At these markets, gold and the dollar are the standard and hard currencies. They have spontaneously begun controlling our social markets even though this has not been approved by the state. It should be noted that when large numbers of people spontaneously begin looking for a way to protect their private assets, the public assets managed by the state will decline greatly. Because the state has not legally approved and regulated prices, rates of exchange, and market interest rates, the state, with its huge assets, will continue to be the largest lender who loans money at a very low rate of interest, the entity that makes loans and issues capital regardless of the market price index, and the entity that sells commodities and materials at prices that are much lower than market prices. These price, exchange rate, and interest rate differentials have led to losses of public assets. At the same time, this is a source of illegal profits, particularly for those who have special rights in reviewing and examining the buying, distribution, allocation, and use of state commodities and materials. In society, particularly in the state sector, "profiting from price, exchange rate, and interest rate differentials" is becoming a greater and greater problem. Actually, this is competition for a share of the public assets. The state economic sector

operates in the style of having false profits and real losses and gradually eating into the public assets, with the result that the budget deficit is growing worse and with the only way to compensate for this being to print more paper money. This has caused our money to decline in value even more.

Prior to the 1989 anti-inflation campaign, looking at things in general, it can be seen that within the system of old economic policies and the bureaucratic centralism and state subsidies management mechanism, the state bank currency continued to lose its value on the multi-currency markets. As a result, the state lost real strength. It lost a currency, credit, and financial tool, fell into the pool of inflation, lost its ability to regulate things on the macrocosmic level, and was incapable of taking action in the face of the spontaneous disorder on the markets. At the end of 1988 and the beginning of 1989, the amount of paper money issued from the beginning of 1985 (when the currency was changed) to the beginning of 1989 had increased many times, but its purchasing power as compared with gold, the dollar, and rice had declined by about one-third. Bank currency was being beaten by gold, the dollar, and even the commodity world.

Many people have rejected bank currency, meaning that they have refused to lend money to the state. People have unwillingly had to stockpile commodities and hold gold and dollars, which has created an economy in which "people with assets have had to hold on to them" because of the lack of a currency with a reliable banking and financial system. This negative situation includes a great capability. I am referring to the capital in the hands of the people. The state has mobilized and accumulated very little of this capital for economic construction and development, mainly because it has failed to grasp the science and art of creating a reliable bank currency with corresponding mechanisms. The measures for fighting inflation in 1989 began from that situation. History has posed the task of fighting inflation and, at the same time, created the capabilities for solving this problem.

### III. Advances From the Beginning of 1989 and the Steps That Must Be Taken Next

The steps to control inflation that were taken at the beginning of 1989, with all the complexity of the situation, led to great advances. It was like a turning point. There was a basic improvement on the food front, and there was a greater abundance of things on the consumer goods markets. Imports and exports made great progress. Prices in general, including the value of the dong, continued to fluctuate, but the rate of inflation was no longer as high as in the past.

These advances were made even though the state economic sector had not made timely changes in line with the new situation, even though the banking and financial systems and the state economic management apparatus were still weak, and even though bureaucrat centralism and corruption were still problems. This shows that the anti-inflation measures were very effective. They did not

use purifying the economic sector and state management apparatus as a precondition for fighting inflation. But the search for ways to fight inflation at the macrocosmic level in order to put the economic sector and the state management apparatus in the new situation clearly exposed their weaknesses and negative aspects and forced them to make renovations and purify things. But in spite of this, the weaknesses and negative aspects of the economic sector and state management apparatus have limited the anti-inflation achievements and even done damage. Because of this, the fight against inflation, which is still not over, is in danger of being lost, with inflation returning just like before.

Something that is difficult for many researchers and foreign observers to understand is that for anti-inflation measures to achieve results such as those that we have achieved since the beginning of 1989, normally, there must be sources of foreign credits of approximately \$500 million. But we haven't had such sources. Furthermore, our old sources have declined. Everyone knows that since 1989, the state budget has shown a deficit, and the deficit has been larger than ever before. From where will capital be obtained to compensate for that deficit? In particular, since 1989, for the first time ever, the state has spent money to buy reserve paddy and reserve gold. Thanks to that, it has had real economic strength that has allowed it to intervene instead of having its hands tied (as was the case before 1989) when crises have arose on the markets. But from where will that money come?

In fighting inflation since the beginning of 1989, by raising interest rates to market levels, which means that the value of the dong was increased, and including this in the policies on accepting market prices and exchange rates, carrying on commodity circulation on a unified market nationwide, and stimulating exports and imports, the state has been able to borrow from the people on a very large scale through saving funds. At the same time, it has been able to increase the money supply without our money declining in value as happened in the past. By relying on these two sources, the state has had another \$500 million, which is the same as having another large aid and credit item to create a turning point in its strength in macrocosmic control. By relying on these two sources, the state has compensated for the budget deficit and begun to build strategic reserves in macrocosmic control.

Why did the printing of money prior to 1989 always result in prices increasing faster than the increase in the money supply? The result of this was that as more money was issued, the value of the money declined, and the money supply, calculated based on purchasing power, also declined. But the increase in the printing of money from the beginning of 1989 to the middle of 1990 has had very different results. The basic reason is that the printing of money prior to 1989 was part of the old policies and mechanisms before a market economy had been accepted. But the increase in the money supply since the beginning of 1989 has been carried out in conditions in which there has been a shift to a market

economy and in which there have been appropriate ways of dealing with things. There was a very clear turning point in accepting and controlling the most important markets, from food, consumer goods, and materials markets to gold and foreign currency markets. With this turning point, purchasing reserves and speculating in commodities quickly came to an end, and commodities flowed into circulation. In general, freeing production and circulation with a multi-faceted economic structure on a unified market that has ties to world markets has led to a blossoming of the peasant household economy, of the artisan industry and handicrafts, and of commerce and services. Even though these still bear many spontaneous and negative traits, living conditions throughout society are now much better. This is a mass movement to expand production and commodity circulation that has expanded from the cities to the rural areas with capital invested mainly by the people. No one can calculate the exact amount, but estimates put this at a billion dollars. This expansion of production and circulation at a time when state bank currency has a higher value has pushed back gold and the dollar and created a great demand for bank currency. This has made it possible to increase the money supply and still keep the value of our currency relatively stable. However, there are still multicurrency markets, and so the state bank currency is still not strong enough.

Many more things must be done if the state bank currency is to really become a stable currency and the only currency used on our country's markets. There has been a turning point in the printing and handling of money, but this is entangled in the multi-interest-rate mechanism stipulated by the state, which is moving away from market interest rates. Today's multi-interest-rate mechanism is creating many problems for mobilizing and using capital, with the result that production and business activities are stagnating. There have been major problems and surprises in handling capital. Because of this, it is again difficult to borrow money and loan money, but it is easy to make use of the interest rate differences. This is similar to the situation in which it is difficult to buy and sell but easy to make use of the price differences in order to make a profit just as when the two-price mechanism was in use. The reason for this is that we don't have a new banking system in which the functions of the state bank are clearly differentiated from those of the commercial currency banks. This is also related to the fact that we don't have state bank credits (only government bonds have been issued on a small scale, but there are no national treasury letters of credit). Also, business activities based on share capital are still in their infancy. There really aren't any currency or capital markets with ordinary market interest rates and rates of exchange and with macrocosmic control.

Thus, taking steps to have a strong and stable currency that dominates domestic markets must be part of the overall process to create a new currency, credit, and financial system. This includes renovating the banking system and state financial system, expanding business

forms based on the share system, and gradually creating currency and capital markets with market interest rates and macrocosmic control. It is essential to create such a system if the national economy is to switch to a commercial accounting mechanism. This is also necessary in order to enable the economic elements to expand commercial production effectively and in order to increase our ability to mobilize capital both here and abroad. This process is decisive for increasing potential and improving the currency, credit, and financial tools in order to improve the effectiveness of state economic management, particularly at the macrocosmic level.

Today, in formulating the 1991-1995 five-year economic plan and the plans for the 1990s, attention is being given to the great difficulties in balancing a number of strategic materials stemming from the upheaval in sources from the Soviet Union and from the increase in prices as a result of the "Gulf incident." In switching to a commodity economy, can our country compensate for the shortages? And if not, how can we avoid another bout of inflation and a decline in the value of our currency?

In looking for an answer, attention must be given to several methodological issues concerning macrocosmic balance in conditions in which we are switching to a commodity economy and expanding international relationships in many directions.

First, balance refers above all to financial balance. This does not mean that we should not give attention to balancing materials. It just means that in switching to a commodity economy and expanding international relationships, the shortage of materials can be overcome if we can find financial sources and if we have money. Planners have calculated that in order to import a number of important types of materials for the period 1991-1995 that we cannot or should not produce domestically, we will need an additional \$6 billion, which is more than \$1 billion a year.

Second, materials must be viewed as commodities. That means that the import or purchase of materials using foreign currency or gold must be aimed at producing commodities that can be sold to the people or exported. These commodities must not be given away free or sold at a low price. Sectors that use budget funds must have sources of budget funds to make purchases. Production sites that need support must receive budget funds.

Thus, in principle, the necessary financial sources for imports must be reproduced. Furthermore, they must be reproduced in the sense of "having capital and having profits regardless of whether it is aid, loans, or capital that we have created ourselves." We must find loan sources both here and abroad and engage in economic activities using borrowed capital. With the principles of buying and selling, borrowing and repaying, and not having state subsidies, we should and can divide the major problem into smaller pieces. Specifically, the state and central echelon should not borrow and then hand out state subsidies. There shouldn't be any problem in

receiving and disbursing foreign currency. We must buy and sell based on accepting the market rate of exchange that is regulated macrocosmically. The banks must buy and sell and provide currency credit services.

Third, as for domestic sources of capital, everyone knows that the people have much capital and that most of those who have large amounts of capital are still converting that capital into gold and hiding it. Gold is an international currency. As for foreign loan sources, even though the United States is still boycotting us, with our multidirectional state relationships and with the relationships among the commercial organizations, we can still borrow money.

Thus, with our great capabilities, the immediate problem that can and must be solved soon is: the currency, credit, and financial mechanisms have not been renovated. As a result, our currency has fluctuated and is not trusted. We have not grasped the science and art of tapping the sources of capital among the people for commercial production or accumulated the capital of the people in the hands of the state. We really don't know how to operate in accord with international market rules.

We can conclude that controlling inflation, which is actually a matter of handling currency and financial matters at the macrocosmic level in order to create a stable currency, is still an urgent problem of renovating macrocosmic economic management in general and of balancing the macrocosmic economy in particular based on the financial viewpoints of a commodity economy. Once we have passed that threshold, we will have made the first turning point on the way to expanding a macrocosmically regulated commodity economy.

#### Renovation in External Financial Work

913E0013A Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 37-41

[Article by Nguyen Khac Hien, high-level economics specialist]

[Text] Looking back at the past period, our export activities have made progress. In particular, during the first nine months of 1990, we exported goods worth more than \$1.1 billion and 82.2 million rubles. As for direct investments by foreign countries, from the promulgation of the Investment Law until the end of 1990, 214 projects involving a total of \$1.4 billion in investment capital have been approved.

Along with the above advances, weaknesses and factors that have caused instability in external financial work have been exposed:

First, import-export activities have not achieved good results, and they do not have a stable basis. Recently, discipline in import-export activities has been seriously weakened, which has had many bad consequences. Exports are still limited as compared with existing capabilities. Export work is in disarray and unstable. We have

not created key export goods, and we do not have stable markets. Most of the export goods are raw materials, and grades are low and unstable. Many sectors and localities export goods at any price and fail to calculate the socioeconomic effect. They even export prohibited goods. A number of agencies and mass organizations organize things or help private businessmen engage in smuggling activities.

Imports have not been tied to exports, and the socioeconomic results have been poor. Many localities and units use a large portion of the foreign currency earned to import consumer goods that aren't needed or to import goods that can be produced domestically. According to customs data, approximately \$40-50 million worth of foreign cigarettes are imported. The Council of Ministers has implemented many measures, but this has failed to stop the flood of imports and contraband goods.

Second, other countries have not invested much here, and this investment capital has not brought the desired results. Except for the oil and gas exploration projects with capital of approximately \$40 million, almost all the other projects are small-scale projects of a survey nature and most are concentrated on exploiting and processing minerals and marine products, producing consumer goods, and carrying on activities in the service and travel sectors. There are no plans to support food production projects or projects to build the infrastructure (except for telecommunications). The intensive investment projects are concentrated on restoring and upgrading a number of hotels.

Third, there are still many loopholes in controlling foreign currency. Many sources of foreign currency revenues have not been thoroughly exploited, and the state has not controlled this carefully. The use of foreign currency sources is wasteful and ineffective. The central echelon directly controls only about 20 percent of total foreign currency revenues. Many ministries, sectors, and localities use the hard foreign currency to import consumer goods and profit from price differentials. They buy and sell by "exchanging goods" without going through the banks. A number of external business organizations remit money home, but the state bank cannot control this.

Forth, when foreign loans are taken, on many occasions things are not calculated carefully and the loans are not used effectively. Our per capita debt and the amount of our foreign debt as compared with our yearly export capacity is at an alarming level (our foreign debt and the need to pay the debts on schedule are very serious problems), but many ministries, sectors, and localities continue to import goods without giving any thought about our ability to pay for the goods.

The main reasons for the above situation are as follows:

1. The sectors and echelons do not thoroughly understand the principle of results in external economic activities. As a result, they import and export goods at any price, with their main goal being the interests of the

sector, locality, and even a number of individuals. This leads to a situation in which goods are imported at excessively high prices, and exports are sold at prices below the international average. Reality shows that many units have concentrated on a number of "flying missions" or "immediate results" instead of concentrating on long-term and stable operations.

2. Management of external economic activities is very loose. As a result, exports are dispersed, and there has been a flood of imports. Trade relationships with other countries are not closely controlled. Typical examples are the rearing of marine products for export and the import of foreign cigarettes, beer, and liquor.

Because exporting marine products is very profitable, many units and localities have rushed into this, with the central echelon, provinces, and districts all exporting such goods. Many localities have borrowed money from abroad and used domestic capital to build refrigeration plants. The result is that the country now has more than 70 refrigeration plants. None of these plants is working at full capacity (the average use capacity is less than 50 percent). In some places, the equipment has broken down even before they have paid their debts. Many places that have built plants lack sources of shrimp and fish.

As for fishing, because fishing has been carried on in a disorderly way, many rare and valuable types of marine products have declined in quantity and quality. This will have disastrous consequences in the future.

The headlong rush to import goods has damaged domestic production and caused us to lose a large amount of hard foreign currency, gold, and even strategic goods.

3. Discipline concerning external finance has been ruined. As for foreign exchange control, many ministries, sectors, and localities have failed to sell the foreign currency to the state. A number of our commercial organizations abroad have not reported their business results to the controlling ministries or management organizations. Inspections of 31 enterprises with foreign investment capital have shown that:

Most of the enterprises use the targets stipulated in the arguments and permits using a variety of ways, including importing equipment and materials, not to contribute to capital but to sell them for a profit and avoid the import duty, business tax, or commodity tax. They import materials in excess of the quota allotted them. They register export goods but do not increase production. Instead, they just engage in trading activities through imports and exports or on Vietnamese markets.

The rate of development of the projects is slow, and capital is not contributed in accord with the registration process (for some projects, Vietnam has contributed enough but other countries have not contributed capital).



Many of the financial regulations have not been implemented strictly. Few of the enterprises have registered their accounting procedures with the financial organizations, and their accounting books are kept arbitrarily.

They have opened accounts at banks, but they do not settle things through the banks. Some of the enterprises have opened accounts abroad (which is contrary to Vietnamese law).

4. The external economic and financial mechanism has not been renovated in a timely or synchronized manner, and the state has not made timely inspections. Financial and accounting activities at the units has been slighted, or these have been ineffective. At most of the units, economic accounting is carried on in form only. The financial procedures and policies have not been implemented strictly. Many import-export expenditures are not accounted for correctly, and waste and negative phenomena are concealed.

Many places have violated the import-export tariff laws. The tax and customs organizations allow serious deficiencies, and in some places they have been neutralized.

5. The ranks of external financial cadres are very weak professionally. They lack experience and are understaffed, and they lack the courage to struggle to protect the system. A number of tax cadres are of poor quality. They lack morals and serve bad elements.

Expanding and improving external economic results is both an urgent requirement and a strategic measure for developing and building the economy throughout the transitional period in our country. In carrying out this very important task, external financial activities must fully exploit the monetary distribution and control functions with the aim of hitting the following targets:

The general target is to strengthen and exploit the sources of foreign currency revenues and make concentrated and effective use of the foreign currency earned so that, together with the domestic sources of revenues, we can accumulate more and more capital to build an efficient economic structure, modernize social production, bring science and technology up to world standards, and gradually improve the standard of living and cultural standards of the people.

The specific targets are:

1. To improve the results of the external economic activities, particularly import-export activities, promote exports, and advance to having stable markets and key types of goods that can compete on world markets.

2. To fully exploit and attract foreign sources of investment capital in accord with the socioeconomic lines and strategies of the party, ensure that the investments are effective in order to obtain modern technology and advanced management experience, exploit our economic potential, and strengthen our scientific and technical

potential in order to contribute to renovating the economic structure and building and developing the economy quickly.

3. To exploit and use every foreign currency capability and effectively manage and use foreign currency expenditures, including non-commercial foreign currency.

4. To closely manage and effectively use loans and aid, ensure that the foreign loans are repaid on schedule, reduce the international balance of payments deficit, and move toward reaching a balance in the near future.

5. To increase the value of the Vietnamese dong and create the conditions necessary for the dong to have an exchange value on international markets.

6. To improve and strengthen the external finance organizations, train and retrain the external finance cadres with respect to theory, viewpoints, professional knowledge, and foreign languages, and improve the revolutionary quality of the external finance cadres.

The above are long-term targets. These things must be carried out during the various five-year plans. Along with trying to hit these long-term targets, attention must also be given to the following "break-through" measures:

1. Suitable amounts must be invested in order to develop key export goods that can compete on world markets. At the same time, there must be intensive investment in the installations that produce export goods in order to improve product quality and create new types of goods and attractive wrappings and labels. In the coming years, world markets must be studied in depth so that we can exploit our strengths—which include a large pool of laborers with the ability to grasp modern science and technology, varied and abundant sources of raw materials, a favorable climate, and tropical products—and produce a number of key types of goods desired by customers. Studies must be made in order to recommend that the National Assembly and Council of Ministers revise and supplement a number of tax rate points in the tax laws on export goods in order to encourage production installations and private individuals to invest in the production of export goods.

2. The results of external services must be promoted and improved, investments must be concentrated on the ship repair industry, the fleet of ocean-going ships must be expanded, laborers and specialists must be exported, and tourism and international air travel must be expanded. In the near future, we must have installations and ranks of engineers and skilled workers who can repair foreign ships. We must have a fleet of ocean-going ships to transport our import-export goods and transport goods to Laos, Cambodia, and a number of other countries. There must be many excellent construction corporations that can build projects abroad. Millions of tourists must come to visit our country.



3. Other countries and overseas Vietnamese must be encouraged to invest in Vietnam to support the economic and social development strategies of the party and state, with the immediate need being to support the three major economic programs.

In addition to the legal documents, we must also promulgate appendixes on foreign investment capital and external financial policies, such as procedures for collecting land and river and ocean surface taxes, taxes on resources, and taxes on the individual incomes of those who work for enterprises with foreign investment capital. In particular, attention must be given to encouraging and giving favorable treatment to foreign investment in producing food, building the infrastructure, and renovating technology.

The state must invest in improving the quality of our roads, communications routes, power and water networks, and so on in order to create favorable conditions for joint investment with other countries.

4. We must formulate foreign exchange policies, policies to attract foreign currency and money from overseas Vietnamese, and exchange rate policies and implement measures to ensure that these policies are adhered to strictly.

The state must implement unified policies to control foreign exchange. It must use the economic results and effect on production and exports as the standard. The state must manage things in a unified and centralized manner with respect to foreign currency and ensure that foreign currency payments are made through the Vietnam Foreign Trade Bank. In international trade, settling accounts by exchanging goods must be strictly prohibited.

A policy must be implemented on buying and selling foreign currencies based on exchange rates that are related to fluctuations in currency exchange rates as disclosed at different times. The exchange rate policies and mechanisms must be perfected with respect to the various foreign currencies currently in use in accord with the principle of sticking close to reality and the purchasing power of the currency and moving toward unifying the single exchange rate system.

The opening of foreign currency deposit accounts that pay interest in foreign currency must be expanded with respect to the economic elements in society. The foreign trade banks must do a good job in carrying on foreign currency activities on international markets.

The policies must be implemented in a synchronized way in order to remove the shackles and create favorable conditions for attracting money from overseas Vietnamese. A policy of giving suitable and favorable rates of exchange for money from overseas Vietnamese must be implemented. Overseas Vietnamese must be encouraged to remit foreign currency home in order to purchase coupons and bonds or invest in joint production or processing activities or foreign services.

5. Foreign loans and foreign aid must be controlled closely, and the results of this must be improved.

We must strive to obtain long-term, low-interest loans from various countries and international organizations, particularly from friendly countries. At the same time, we must strive to obtain international credits based on the investment laws of the other countries. We must stop taking "hot" loans at high rates of interest. We must overcome the situation in which we borrow from abroad and fail to repay the loans on time and don't even know which units and economic organizations are responsible for repaying the loans. The state must closely control foreign debts and take steps to ensure that we do not borrow money that we cannot repay. The level of foreign debt must be limited to a specific percentage of our production capabilities. The use of the loan moneys must be based on the principle: those who borrow must be the ones who pay. Loan moneys must be used to produce products having a foreign currency value that is at least enough to pay the interest and principal on time. The state will be responsible only for money borrowed for the common interests of the entire country. These loans must be approved by the Council of Ministers. Foreign aid funds must be managed according to the principle of commercialization though buying and selling based on the one-price policy just as for imported goods.

Along with the long-term policies, the following urgent measures must be implemented:

1. Control of exports and imports must be reorganized and strengthened using economic and administrative measures, particularly with respect to the import and export of contraband goods. Along with strengthening customs inspections, a number of the articles in the import-export tax statutes must be supplemented and revised based on the guideline of stimulating the export of goods of high economic value and, at the same time, meting out harsh punishments (including confiscating goods and investigating criminal responsibility) to those organizations and individuals who export contraband goods regardless of to which economic element they belong or what their position is. The categories of goods subject to import duties must be expanded using different tax rates. Tax rates must be increased on imported goods not promoted by the state.

The various echelon authorities must strictly enforce the import-export tariff statutes. They must not help private traders engage in smuggling. A number of serious violations that have occurred must be prosecuted immediately in order to set an example.

2. The financial management mechanism with respect to import-export activities must be renovated based on switching to socialist business accounting.

The production and financial independence of the primary level economic units must be maintained based on maximum exploitation of the existing sources of capital, bank loans, and capital mobilized from domestic and

foreign organizations and individuals through shares and joint business contributions. The finance and accounting elements of the units must renovate their work based on the guidelines of the Ministry of Finance and the Ministry of Commerce and calculate sufficient foreign currency expenditures needed for producing export goods (including foreign currency to purchase raw materials, import equipment, and depreciate the equipment purchased from abroad). Plans must be formulated to reduce production costs, obtain the most favorable selling prices, and, based on this, implement true economic accounting. A rational rate of exchange must be implemented. This must be disclosed and adjusted by the bank at set times in accord with domestic and international prices. Macrocconomic management and control with respect to external economic and financial work must be strengthened.

State subsidies and compensation for losses for import-export activities must be eliminated. The Ministry of Finance, the banks, the Ministry of Commerce, and the owners of the goods must settle their accounts with the installations and people who produced the export goods. At the same time, the localities and production installations that owe money to the state bank must pay their debts.

3. Foreign currency management must be strengthened based on fully exploiting revenue sources, economizing, and opposing corruption and waste.

The Ministry of Finance must control foreign currency receipt and expenditure activities nationwide based on concentrating the foreign currency needed for the central foreign currency fund of the country and directly managing this central foreign currency fund. At the same time, it must be ensured that the ministries, sectors, and localities actively use the foreign currency to support their business activities.

Formulating plans and reporting the implementation of the foreign currency receipt and expenditure plans must be put on the right track. The foreign currency portions of the units and state must be clearly determined so that the units can promptly fulfill their obligations to the state. The amount of money borrowed, the use of this money, and the responsibility for repaying these foreign loans must be clearly determined. Regulations on managing foreign loans should be promulgated soon and implemented beginning 1 January 1991 based on the principle: Economic units (including private individuals) that need to borrow foreign currency from abroad must register with the Ministry of Finance. Only after the Ministry of Finance has issued them a permit can those units engage in trade and borrow money from abroad (based on the principle of "the entity that borrows the money must repay the money").

Foreign currency control regulations must soon be formulated based on a system of parallel sectors from the central echelon to the localities.

The 1990 foreign currency receipt and expenditure plan must be reexamined, and the capabilities must be exploited in order to increase revenues. The work of obtaining money from overseas Vietnamese must be reorganized, and external services that bring in foreign currency must be promoted. No source of revenues should be overlooked. That includes collecting incomes taxes from foreign cadres and workers who are working in Vietnam and Vietnamese cadres and workers who are working for enterprises in which other countries have a joint interest. Import needs must be considered carefully. Only the materials and equipment that are really necessary for production and daily life and that cannot be produced domestically in sufficient quantities should be imported. Strict measures to cut back on foreign currency expenditures, including non-commercial foreign currency, must be implemented. Based on this, the 1991 plan can be formulated in order to deal actively with the complex changes.

An inspection campaign must be implemented immediately in order to examine the finances and accounts of the units, sectors, and localities having large foreign currency revenues and expenditures or that are engaged in joint business ventures with other countries. Clear conclusions must be reached, and those who have committed violations must be punished harshly. At the same time, those units that have done a good job and scored real achievements must be praised and rewarded. Through this inspection campaign, the ranks of external financial cadres must be examined, reorganized, and supplemented.

### **The Party in the Political System and Its Political Leadership**

913E0012B Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 42-45

[Article by Mach Quang Thang, MA in history]

[Text] With the victory of the August Revolution in 1945, a worker-peasant state was born in Vietnam. Since then, a new political system has been formed. The party is one element in this political system and plays the key leadership role. This is a necessary stipulation that originates from the objective requirements of our nation's history and wishes of our people. This is definitely not a case of the party having imposed its subjective wishes.

In the renovation movement, even though it has been influenced by the complex changes that have taken place in Eastern Europe and even though it has had to contend with the plots and destructive actions of the imperialists and reactionaries and with the domestic difficulties, the party still holds the key position as the leader in our country's political system.

In the political system, the most basic role of the party is to provide political leadership for the entire system. The contents of the party's political leadership are manifested in the following four spheres:

1. The party must set the development direction for all of society.

This is a role that no other organization can perform in place of the party. The party performs its political leadership role mainly by putting forth programs, strategic lines, and development guidelines for society, formulating tactics, and stipulating the development targets of society based on guidelines for the long term and for each stage. The mission of the party is to put forth lines just like an architect designs a construction project. Mistakes concerning the party's lines will have a very serious or even disastrous effect on society and the fate of the fatherland. Thus, to set correct developmental guidelines for all of society, the party must formulate correct lines. But what is a correct line?

A line will be correct only if it is in accord with the specific conditions of the country and of the period in each stage or era. It will be a dead end for the nation if that line is not in accord with the country's specific situation. The experiences of other countries cannot be applied dogmatically. At the same time, we cannot ignore those lessons in formulating our lines. The development line of the country in one stage cannot be applied to other stages. In our country's present transition to socialism, in which we are switching to a multifaceted economy with economic accounting and in which we are necessarily controlled by the laws of a commodity production economy, we cannot maintain a line in which state subsidies form the basis. The state subsidies economy was appropriate only when the country was waging a resistance against foreign aggression. The past 15 years have taught us a practical lesson about our lack of sensitivity to and sluggishness in handling this problem now that our country's historical conditions are completely different. The lines put forth by the party must be in accord with reality, and it must be possible to implement these effectively in life. We cannot maintain the state of affairs in which the line is correct, but it can't be implemented in life.

A line is correct only if all the organizations in the political system and all the people accept it. If a line is not accepted by the people and it cannot be put into actual practice, that line is wrong. The party leads the political system. But if a large number of people lose faith and waver regarding socialist ideals and the country's development path, it means that they don't trust the party's line.

2. The party must lead all of society through its organizational system at the various echelons and in the sectors and through the ranks of party members.

The party is an element of society; therefore, the activities of the party organizations cannot be carried on outside the framework of the constitution or law. Party members must set an example in life and obey the laws. They must play a vanguard role and have a spirit of fighting for socialist ideals. Today, party members are present in almost every locality and in all spheres of the

country. There are a large number of party members (approximately 3 percent of the country's total population). With these ranks, if quality is good, the party will be able to elevate its political leadership role in all places and in all spheres. Naturally, the party's leadership role cannot be manifested in dictatorship or despotism. Rather, it must be manifested in educating, persuading, and mobilizing the masses. The party must have capabilities and good moral quality, and it must have the trust and confidence of the people. It will be difficult to put the programs, lines, and policies of the party into practice and difficult to get the people to accept these if the ranks of party members are weak in terms of capabilities and degenerate in terms of moral character.

Unfortunately, although we now have a large number of party members, in general they are not strong. Their standards and capabilities are weak as compared with the requirements of the renovation movement. Some party members lack political stability and moral qualities. A number of cadres and party members are degenerate and degraded. In some places, the primary level party organizations are paralyzed. They no longer have any combat strength and have lost their internal solidarity. Bureaucratic centralism, remoteness from the masses, and corruption are spreading. The party is slowly losing the masses, with one important reason for this being that the ranks of cadres and party members have poor capabilities and qualities. Added to this are the complex effects of what has taken place in Eastern Europe and the destructive activities of reactionaries both here and abroad. These things have given rise to complex and abnormal phenomena in the relationship between the people and the party in many places.

Thus, the party must constantly give attention to the quality of the ranks of party members. If it fails to improve the quality of the cadres and party members, it will gradually lose its leadership role in the political system and in all of society.

3. The party must put forth cadre policies and, together with the other organizations in the political system, organize and deploy the various echelon leadership and management cadres.

As the nucleus and leader of the political system, naturally the party must give attention to the problem of [providing] cadres for the entire political system. If it ignores the cadre problem, the party will have abandoned its leadership role with respect to all of society. The party is responsible not only for its own cadre work but also for the problem of providing cadres for the entire political system. Naturally, a principle that must be affirmed is that with respect to its own cadre work, the party must do things directly. But with respect to cadre work for the other organizations in the political system, the party must do things indirectly. If it acts otherwise, that would mean that the party does not trust or respect the other organizations and that it has replaced them. That would destroy the principle of democracy in the political system.

The party is responsible for the cadre work of the political system in the following specific spheres:

a. Together with the other organizations in the political system, the party must put forth standards for each type of cadre in each organization. This system of cadre standards must adhere to the political line of the party. This is particularly important in building a rank of cadres for the country in today's renovation movement. In formulating standards, particular attention must be given to the key cadres of the organizations from the central to the primary level. At the same time, the party must give attention to formulating cadre standards for the important organizations.

By putting forth cadre standards, the party will have fulfilled its political guidance role with respect to the organizations in the political system.

b. Based on the cadre standards and the political lines of the party in each stage, the party must actively help the organizations in the political system formulate cadre plans.

Formulating cadre plans is an essential task if the organizations in the political system are to have sources of cadres for training, control, promotion, and inclusion in the election list. However, the significance of this will be reduced if the cadre plans are not implemented openly and democratically, naturally to the degree possible and permitted. Experiences in a number of places show that if cadre planning is regarded as a "forbidden zone" and as the work of higher echelons, this will create loopholes for people whom the people do not trust to enter the apparatus. Things must be done openly so that the people can share responsibility and help the cadres in the planning sphere and so that the people can control and monitor the cadres. Through openness, reality will filter the ranks of cadres. Besides this, it will be possible to see if the cadres in the plans are maturing or not. This depends to a large extent on the environment in which those people work and on the level of awareness and zeal of their colleagues and the people. Thus, when the party, together with the other organizations, formulates cadre plans for them, it must give attention to the foundation in order to build those nearby cadres. Reality shows that in those places where movements are weak and there is little internal solidarity, the cadres are degenerate, and their colleagues and the people lack a concept of awareness and a spirit of responsibility, cadre planning is difficult to carry out.

c. In cadre work, the party committee echelons must participate in formulating specific human affairs questions for the organizations in the political system.

Here, there are two "types" of human affairs for which the party, together with the other political organizations, is responsible for forming:

Leadership cadres who are elected by the people: For this type, together with the leadership boards of the organizations, the party must prepare election lists based on the

nominations of the various echelons. The party can only recommend people for nomination in order to maintain its cadre line, but it cannot exert pressure. The experiences since the Sixth Party Congress show that in places where the party organizations have exerted pressure with respect to the human affairs issues in the elections of the political and social organizations, it is very difficult for the voters there to accept those who have been "put forward." This is a complex psychological matter to which the party organizations must give attention in their leadership methods. Naturally, the party organizations have the right to recommend people for the election lists of the organizations based on real democracy.

Cadres who are appointed and promoted: The principle for appointing such cadres is: The cadres of an organization must be promoted and appointed by that organization. That means that party organizations should not make decisions on appointing or promoting replacement cadres for other political and social organizations. But this does not mean that the party organizations can't participate in the process of choosing cadres. Because based on its awareness in leading the political system, the party must make observations and proposals of a collective nature concerning specific cadres so that the other organizations can weigh things before making a decision. In cases in which the person who is being considered for appointment as a leading cadre in a state organization or mass organization is a party member, the party organization must make observations and take responsibility for its party member in accord with the party member management function recorded in the party statutes.

The party organizations and party members active in the state organizations and mass organizations are responsible for ensuring that the party's cadre line is implemented well. This means that party members must elevate their model vanguard role, gain the trust of the people (but not through demagoguery), and have real capabilities and quality so that they can win election to the leadership organizations. No specific percentage of party members should be imposed in the popularly elected organizations. Stipulating percentages like that is a manifestation of subjective methods and voluntarism.

Thus, in human affairs work, in this sphere, the final decision does not rest with the party committee echelons but with the leadership echelons of the other political and social organizations in the political system. And if there is an election, the final decision is up to the voters. Here, the party organizations must have leadership skills. They must be tactful and democratic and participate in and guide things in a scientific way in accord with the wishes of the people.

There may be cases in which those elected or promoted are not the ones whom the party committee echelons had hoped would be elected. In such situations, the party organizations must study and examine things and gain experience in order to supplement the coming human affairs activities and not use their "veto" power, because party organizations do not have that right.



With such cadre work methods, the party can carry out its leadership function with respect to the political system and not have to worry about things "sliding out of its hands." The remaining problems have to do with the party itself. The party will be able to regain the confidence of the people and "dominate" the cadre problem in the political system only if the party is strong and only if it really represents intelligence and morals in accord with the developmental tendencies of the age. The concept of the party matching the wishes of the people is the yardstick for measuring the correctness of the party's cadre line. If the party interferes using command methods and gives itself supreme power in deciding cadre issues with respect to other organizations, the party will show that it is weak and ineffective.

#### 4. The party must control things.

The party is responsible for directly controlling its party members and organizations. Besides this, coordination in controlling and monitoring things between the party organizations and other organizations is a very important condition for building a strong political system. The constitution, laws, and party statutes are the basis for control with respect to those party members who work for organizations outside the party organizations.

The control process must be carried on in a unified manner from the top down and from the bottom up with no exceptions. In this, the emphasis must be on the important political organizations (particularly the state) and the key cadres. All cadres, party members, and people must be mobilized for control work. The party is the entity that must organize and coordinate things. The purpose of the control work is to build strong organizations in the political system and promptly expel or remove those cadres who are unworthy of working in the state organizations or other political and social organizations. If the party gives attention only to control work within the party and does not coordinate this with the control work of the other organizations, the control work of the party will achieve little.

#### Managing Society by Law, Building a State Governed by Law

913E0014D Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 46-47, 59

[Article by Nguyen Van Thao, director of the Institute of Judicial Science, Ministry of Justice]

[Text] Today, no one can deny the need to control all of social life by law or the role of the law as one of the state's sharp economic and social management tools. The role of the law is manifested in the following:

The law is a tool for organizing and guiding the actions of people and directing those actions within the circle of social order. With this role, the law has a constructive and positive nature. People often view the law as playing the role of meting out punishments. When they talk

about the law, they talk about compulsion. That viewpoint is correct, but it isn't complete.

The law is a tool for guaranteeing the democratic rights of citizens and for ensuring that those rights are implemented within the framework of the law and within the framework of order and discipline. Rights cannot go beyond certain bounds, and citizens cannot infringe on the rights of other citizens.

The law is a tool for ensuring that the multifaceted commodity economy operates in an orderly manner within a prearranged corridor having rules and for maintaining an environment for commercial activities within the framework of the law.

The law is a tool for setting guidelines for the state organizations in order to ensure that they operate within the limits of their rights and responsibilities and do not abuse their powers or become authoritarian.

The law is a tool for ensuring the formation and development of orthodox viewpoints in society and supporting those viewpoints with respect to morals and the construction of the new socialist man.

To control society by law, the state must have a judicial strategy and a long-term program for building a perfect judicial system having sufficient laws to control all spheres.

This perfect judicial system must ensure three things: As for contents, it must satisfy the development requirements of social relationships in the new stage of the multifaceted commodity economy on the path to socialism; as for structure, it must have all of the judicial sectors in the system; and as for form, it must have sufficient laws and documents under the law. The contents of the judicial system must be in accord with the needs and development standards of the economy and society. The key contents of the laws in the coming stage are to guarantee that the formation and movement of the multifaceted commodity economy is carried on in a planned way in the direction of socialism and to ensure that the political system is perfected in accord with the economic system given the historical conditions and traditions of the Vietnamese people. A complete judicial system that has a democratic nature and that is in accord with international law must gradually be built.

The commercial laws promulgated by the state, such as the law on private business and the law on corporations, have begun to follow that path. Laws on state enterprises, economic contracts, and economic judicial organizations (economic courts or commercial courts and economic arbitration agencies), laws on dissolving enterprises, and so on must be promulgated quickly. If the commercial activities of the economic elements are to be carried on in a stable manner with fixed goals, the key point is to immediately draft a Civil Code. If this cannot be done right now, individual laws must be promulgated. Of these, the law on ownership rights is a law that will



have a great effect. Steps must be taken to avoid promulgating laws that would in effect form a top without having a bottom or that would perform a subsequent task without having completed the prior tasks, such as promulgating an inheritance law before implementing regulations on ownership. Everyone can see that inheritance concerns ownership rights, but ownership has not yet been regulated.

A Labor Code or individual laws on the various labor spheres (recruitment, hiring, wages, labor protection, labor disputes, and so on) must be promulgated soon in conditions in which a labor market has begun to be formed through the promulgation of laws on labor contracts. There must also be laws in the other important spheres of the commodity economy. These include a law to control scientific activities; a law on commodity standards, measurements, manufacturing, the transfer of technology, and the protection of industrial assets; environmental protection laws aimed at blocking threats to our land, forests, and sources of water, minerals, and marine products; and external economic laws aimed at stimulating investment, adjusting foreign trade contract relationships, and solving disputes between Vietnamese and foreign commercial organizations.

The laws having to do with security, national defense, and public order must be perfected. The implementation of the Criminal Code, the laws on criminal proceedings, the orders on administrative punishments, and the other documents in this sphere must be reviewed so that they can be revised and supplemented in accord with the new situation.

The constitution must be revised in a fundamental and all-round way so that it can serve as the basis for promulgating other laws. In accord with its role as the basic law, the constitution must reflect the lines, policies, and principles recorded in the economic and social stabilization and development program and strategy. In conjunction with the constitution, an Administrative Code, above all laws on organizing state organizations, must gradually be formed.

To manage society by law, the people must regularly be taught about the laws so that they have a concept of the law. They must understand and have confidence in the law, evaluate the models, form a psychology of society and the law, and live and work in accord with the laws.

The law requires that citizens, the state, and state organizations obey the laws. Normally, if a citizen violates a law, the state has an apparatus to protect the laws and impose necessary sanctions. If a state organization violates the law, civil servants are the ones who handle matters in the common interest. As a result, these organizations are often exempt from legal responsibility. This viewpoint is very widespread in a state subsidies and in-kind economy. Thus, to control society by law, there must be a system of responsibilities for state organizations in situations in which these organizations break the law.

The responsibility of the state is an issue that is related to building a state with jurisdiction. A jurisdictional state is a concept that appeared in the reorganization movement in the Soviet Union and a number of East European countries. This is not a new concept.

Since the end of the 18th Century, when the bourgeois class toppled the feudal system and began to establish bourgeois states, the theory of the "immunity of the state" was still popular. This theory held that because the state promulgated the law, it was above the law, and because the state established the courts, it could never be brought before the courts. Thus, the state had immunity and was not responsible before the law. Gradually, with the development of laws on the rights of people and the development of democracy, people began condemning the theory of "state immunity," saying that that was an attitude of irresponsibility on the part of the state toward the people. The concept of the "lawful state" appeared. According to this concept, all activities in social life, regardless of whether they are the activities of citizens, private individuals, or public organizations, must be in accord with the law. A lawful state has only one goal and that is to maintain order and protect the laws. The main purpose of this is to protect the freedoms of people, ensure that they are treated justly, and protect their ownership rights. The state is responsible to the people, and so there must be a mechanism to ensure this.

It is not enough that activities be in accord with the law. There must be lawful control organizations. Control refers mainly to controlling the management activities of the public organizations. This viewpoint led to the establishment of administrative courts (first in France and later on in the United States and England) and organizations to defend the constitution (constitutional courts, constitutional institutes, and constitutional councils).

The concept of a jurisdictional state shows a correct understanding of the relationship between the state and the law. Either the state stands above the law or the state acts strictly in accord with the laws. The important elements of a jurisdictional state are the supreme position of the constitution and the strict protection of the rights of citizens. All of the decisions made by state organizations can be examined in court. This includes the administrative decisions of all organizations, from the highest administrative organizations to the primary-level administrative organizations. To have a jurisdictional state, there must be inspections and decisions based on the laws, and independent judicial organizations must be established.

The issue of a jurisdictional state has not been systematically studied in Vietnam. This is something that must be studied by the organizations concerned in order to clarify its contents, forms, and direction of development in our country today. What needs to be affirmed is that the jurisdictional state is a product of progressive ideas concerning the state and law in the process of historical development. We must gradually build and perfect the

jurisdictional state. The jurisdictional state that we are building is a socialist state. This is higher and more advanced than the bourgeois jurisdictional state.

**On the Role of Village and Hamlet Administration in Building the New Rural Area**

913E0014E Hanoi TAP CHI CONG SAN  
in Vietnamese No 3, Mar 91 pp 48-50

[Article by Chu Huu Quy, deputy head of the CPV [Communist Party of Vietnam] Central Committee Agricultural Department]

[Text] In our country, there are now 8,859 villages, 387 towns, and 780 subwards for a total of more than 10,000 primary-level administrative units (based on 1990 data of the Government Organizational Department). More than 80 percent of the primary level administrative units are located in rural areas, and they control approximately 80 percent of the people in the country (including 10.4 million peasant households). With such a large number of units and such a large scale of population control and with the view that "agriculture is the leading front" and only if the rural areas are stable and developed can all of society be stable and develop, we can see the great importance of building the primary level administration in the rural areas.

For many years, in many places the "party leads, the state manages, and the people serve as masters" mechanism has not been implemented very effectively in terms of the role of the party organizations, people's councils, village people's committees, village-echelon mass organizations, and village economic organizations. Thus, the people in the rural areas have not manifested their ownership rights or implemented social fairness. The rights and obligations of citizens in the rural areas have not been suitably manifested.

At a time when the rural primary-level authorities do not have sufficient strength and are still ineffective, what "legal tools" do the village party organizations have in order to put the party's positions and policies into practice in the lives of the people, mass organizations, and economic and social organizations? Do the economic elements and peasant households know which laws and rules to rely on as standards in order to "have or not have permission" to carry on their rich and complex activities in the material and spiritual spheres in the rural areas? Because of this situation, many local party organizations, particularly CPV [Communist Party of Vietnam] committees (chapter committees), and many cadres who are party members often say that the only way is to "take over," "replace," and "encroach." But that is actually not the case. That is because those party organizations and cadres have gotten used to "managing" things and to abusing the role of the party organizations and their position as party members to impose orders and erroneous decisions on political, economic, and social organizations and on the people.

When coming in contact with peasants and examining the situation in the rural areas, higher-echelon cadres should not stop at the simple observation that "that is because the party organizations have taken over, replaced the authorities, and encroached on the authorities." They must resolutely point out that that is because "the party organizations are weak and ineffective, and they have reduced the role of the party, associated with the authorities or acted like the 'father' or 'uncle' of the authorities, and failed to carry out their responsibilities correctly and maintain the party's leadership role." Inspections have shown that in many places, up to 30 percent of the party organizations are weak. In some places, up to half are weak. Thus, what can the village authorities in these places do to become stronger and control economic and social life well in their areas?

Today, the leadership functions and methods of the party must be fundamentally changed. The leadership functions and methods of the party today are aimed at enabling the people to live in accord with the objective laws in order to have prosperity, democracy, and justice. The party must respect people's democratic rights and at the same time lead the rural people in building a strong primary level administration that can represent the real power of the people, look after the daily material and spiritual lives of the people, and serve as a support on which the people can rely for justice. Those who have ignored or slighted the role of the village and hamlet authorities are people who are still imbued with the idea of "party rule" or who have failed to see the importance of building a national political system from "within the hearts of the people." It's even worse if those people remain indifferent and allow negative phenomena, injustices, and crimes to occur in the rural areas. We cannot be contented with ourselves and subjectively say that higher-level authorities (district, provincial, and central level officials) have given attention to reorganizing things and to strengthening many cadres having high educational standards, many years of experience at the primary level, and the capacity to handle everything themselves. Actually, that is just an important and necessary precondition, but it is not enough. Today, the primary level (village and hamlet) administration is being slighted. Little attention is being given to building the administration at this level. This is a current problem that is related to solidifying the political foundation in the broad rural areas of our country.

For a long time now, along with the cooperative movement, with the state subsidies mechanism, collective way of work, and average distribution, in the villages and hamlets the roles of only two people have been important—the village party committee secretary and the cooperative director. The secretary and director have been the decisive figures in the villages and hamlets, because one controls political matters and the other controls economic matters. The people understand "politics" to mean "all powers" and "economics" to mean "real power." Policies and resolutions are the sphere of the secretary. Measures, materials, rice, money, and

labor are the sphere of the director. Naturally, the village chairman also carries out a number of tasks, such as maintaining order, performing administrative tasks, and recruiting soldiers. Once the party committee is in full control of politics and the collective handles economic and social life, the role of the three types of organizations that were part of the old mechanism becomes unclear with respect to their responsibilities and powers. At the "bottom" are the village people's council and people's committee (although in name, they have been designated as the highest power organizations of the people, by the people, and for the people). Of course, the situation varies among the various rural areas in the country. And through implementing the law on electing people to the village-level people's councils and people's committees and implementing Politburo Resolution 10, the political face of the rural areas has changed somewhat. In the provinces in Nam Bo, with a village administrative territory five-seven times the size of that in the northern lowlands, the organization and role of the village and hamlet administration has been fixed more clearly, and the activities have more varied contents. Conversely, in a number of places in the mountains, particularly in the northern mountainous areas, it is only in the past 20-30 years that there have been management boards and the "shells of cooperatives" with a few positions to manage a number of simple administrative, production, and security tasks. In these places, there really aren't any rural administrative organizations or cooperatives. However, in these places, when they hear people talking about "disbanding the cooperatives," the people who complain about the loss of socialism have reason, because once the "cooperatives have been disbanded," the role of the few cadres who control things there will end. The people have asked that there be committee chairmen instead. As for production, they want to be allowed to continue working by household and based on simple cooperation.

In short, for a long time, in many places the party organizations, authorities, and cooperatives have not carried out their functions properly. They have reduced their roles and positions and delayed things in all spheres of political, economic, cultural, and social activities. To establish a new mechanism, the first thing is to clearly determine the role of the village people's councils and people's committees. These organizations must be allowed to perform their functions well in accord with the laws. The cooperatives, production collectives, and other economic organizations, which are production and business organizations, are responsible for maintaining the lives of the elements based on operating independently. The mass organizations, which are political and social organizations, have their own role to play. The party organizations must lead rural activities in the villages based on their three main functions: formulating economic development policies, improving living conditions, and building the rural areas in all respects; controlling the implementation of the policies; and giving attention to party building and cadre work. The party organizations, cadres, and party members must act

within the framework of the law, respect the role of the authorities and the independence of the peasant households and cooperative economic organizations, and respect the activities of the mass organizations.

Village authorities manage all aspects in the rural areas. But today, the social structure in many rural areas has changed since the sixth party congress, particularly since the implementation of Politburo resolutions 10 and 16 on "Renovating Agricultural Economic Management" and "Exploiting the Economic Elements." Many new complex economic and social problems have arisen, and there are positive and favorable aspects. But there are also negative aspects and difficulties (land, production relationships, surplus labor, distribution and circulation, social safety, and so on). Peasant households are independent social production units. The private economy has much capital and can hire laborers. The state economic elements, collectives, and private individuals are cooperating with each other, having an effect on each other, and creating a new work situation, but there are also difficulties and disputes. Most rural laborers are youths between the ages of 16 and 34. They have higher cultural standards, receive information using modern means, and enjoy arts and letters that are richer than before. In many areas, communications between the cities and the rural areas are more convenient and direct than in the past. There are more and more targets in the social welfare categories (war invalids, families of war dead and families that scored achievements in the revolution, retired people, disabled people, homeless people, social victims, and so on). In short, the social structure is undergoing major psychological and emotional changes with aspirations becoming more and more complex. This means that the primary level administrative organizations must be improved and streamlined. The ranks of primary level cadres must constantly be sifted, trained, and improved with respect to quality, capabilities, and work style.

Today, village authorities in general are still weak in four important respects. First, they have not adhered to or implemented the regulations and laws and are not accustomed to handling things in accord with the laws. Second, they lack knowledge concerning economic and social management. Third, they lack sufficient budget funds to meet the needs of a primary level administrative echelon. Fourth, they have not really listened to the ideas of the people and do not make an effort to understand the ideas of the people or handle things in a timely manner in accord with the wishes of the people. Thus, the village chairmen and cadres who work for village and hamlet administrative organizations must be trained so that they adhere to the laws, procedures, and policies of the state and can handle things in accord with the laws, maintain order and security, and ensure fairness. The planning, financial, agricultural, forestry, and fishing organizations subordinate to the central echelon, provinces, and districts must increase the help given to the villages and hamlets so that they have additional sources of revenues. The village budget must be at least 5-7

million dong per year for every 1,000 people (if a village has 6,000 people, the village budget must be at least 30-40 million dong per year).

In many places, the villages cover a very broad area, and the population is very large. But in some places, such as in the mountains and midlands, the population is very sparse. Today, on the average, each village has approximately 1,200 households with about 6,000 people. But some villages have as many as 10,000 people. If the village covers too broad an area, the administrative apparatus will not be able to manage it. Because of this, a real need at present is to establish a new administrative unit, the hamlet. This will not be an administrative echelon but an administrative unit under the village. Each hamlet must have a hamlet head to help the Village People's Committee manage activities in the hamlet. Today, in a number of provinces and in many districts, the decision has been made to appoint hamlet heads in

the hamlets having 200 households and a population of approximately 1,000 people. In the new conditions, now that the peasant households are independent economic units and the cooperatives and production collectives no longer receive state subsidies and no longer perform many of the administrative tasks as in the past, clearly, the village-level apparatus cannot, by itself, stay close to and understand the people. This situation requires that we soon promulgate decisions on organizing hamlets with heads who have received suitable policies.

In building the new rural area, there are countless things that must be done. But the leading task is to have party organizations that can provide correct and creative leadership, have strong village and hamlet administrations, and have other economic and social organizations having independent roles so that we can fully exploit the integrated strength of the various strata of people.

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**6 August 1991**

**Activities and Ideology**

**27**

**If the Master Mistreats the Servants, the Servants  
Will Mistreat Others**

*00000000 Hanoi TAP CHI CONG SAN in Vietnamese*  
*No 3, Mar 91 pp 51, 53*

[Article by Tran Dinh Huynh; not translated]



**Strengthen and Make Good Use of the Sources of  
Investment for Education**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 52-53

[Article by Nguyen Thang Loi; not translated]

**Rediscovering a Very Valuable Article Written by  
Nguyen Ai Quoc on Indochina 70 Years Ago**

*00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 p 54*

[Article not translated]

**French Governor-General Mecklin's Concerns  
About Nguyen Ai Quoc Spreading Communism in  
Indochina**

*00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp. 55-56*

[Article by Pham Binh; not translated]

**On the Tendency of Economic 'Privatization' in the World**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 57-59

[Article by Le Tinh; not translated]

**The Problem of Changing the Direction of the Military Economies of a Number of Countries in the World**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 60-61

[Article by Tran Trong; not translated]

**'Satisfied With Democracy and Empty Bragging?'**

00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 62-63

[Article by Le Xuan Vu; not translated]

**On Leninism Not Being Dogmatic or Restrictive**  
00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 64-68

[Article not translated]

**How Can There Be an Incorrect Understanding**  
00000000 Hanoi TAP CHI CONG SAN in Vietnamese  
No 3, Mar 91 pp 69-70

[Article by Hieu Hong; not translated]

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